

EIA slashes estimate of 2002 U.S. natgas demand

WASHINGTON, July 8 (Reuters) -

The U.S. government sharply cut its 2002 estimate of U.S. demand growth for natural gas to 1.7 percent based on February data and revisions in U.S. economic growth expectations, the Energy Information Administration said on Monday.

The EIA last month forecast natural gas demand would grow by 3.2 percent in 2002.

The agency said it cut its demand forecast due to "unexpectedly low demand figures for February now being included in the 2002 totals." Another factor is a downward revision in U.S. gross domestic product expectations, the EIA said.

For the summer of 2002, the EIA also trimmed its demand forecast. The agency now projects summer demand to be about 3.6 percent higher than the year-ago period, instead of its previous forecast of a 4.7 percent increase.

"Growth is due mainly to the fall in natural gas prices since a year ago and the slowly reviving economy," the EIA said, referring to its summer forecast.

However, in 2003, U.S. natural gas demand will grow by about 3.5 percent on an improving economy and heating-related demand in residential, commercial and industrial sectors, the agency said.

Many industrial plants are able to switch from fuel oil to natural gas, depending on which is cheaper.

The EIA made only small changes in its latest forecasts for U.S. demand in petroleum and electricity.

Overall U.S. petroleum demand will remain flat in 2002, then rise by an estimated 3.0 percent in 2003, the EIA said.

The following are highlights of the new EIA energy demand estimates, with last month's estimates for comparison:

U.S. ENERGY DEMAND GROWTH

(annual change in percent)

---2003--- ---2002--- ---2001--- 2000

July June July June July June Actual

est est est est est est NATURAL GAS 3.5 3.0 1.7 3.2 -4.9 -4.7 4.3 ELECTRICITY* 2.2
2.4 0.1 0.2 0.0 0.0 2.8 PETROLEUM 3.0 3.2 0.1 0.2 -0.3 -0.4 0.9 * Electricity demand

includes both retail sales and non-utility use.

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